

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Pacheco Analyst: Roger Lackey Bill Number: AB 238

Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 09-07-2001

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Net Operating Loss Sustained By Farmers From Pierce's Disease/Allows Deduction Carryover Until Loss Is Used

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended July 9, 2001.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED July 9, 2001 STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill would allow special treatment for farm losses incurred as a result of Pierce's disease.

SUMMARY OF AMENDMENT

The September 7, 2001, amendment limited the special treatment for farm losses to losses incurred on or after January 1, 2001, and before January 1, 2003. The amendments also incorporated the language provided in the department's prior analysis of the bill requiring the taxpayer's business to be directly affected by Pierce's disease and its vectors. As a result, one of the department's implementation considerations has been resolved. The remaining implementation consideration is included below. The remainder of the department's analysis of the bill as amended July 9, 2001, still applies.

IMPLEMENTATION CONSIDERATIONS

The special NOL treatment would apply to losses incurred as a result of Pierce's disease and its vectors. It is unclear what the term "vector" would include. The author's staff indicated that the intent is for "vector" to mean the insect life that carries Pierce's disease. The bill should be amended to clarify the author's intent.

LEGISLATIVE STAFF CONTACT

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Board Position:

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| <input checked="" type="checkbox"/> S | <input type="checkbox"/> NA | <input type="checkbox"/> NP |
| <input type="checkbox"/> SA | <input type="checkbox"/> O | <input type="checkbox"/> NAR |
| <input type="checkbox"/> N | <input type="checkbox"/> OUA | <input type="checkbox"/> PENDING |

Legislative Director

Date

Brian Putler

09/19/2001